



Post Office Box 90012 • Bellevue, Washington • 98009 9012

Important Business & Occupation (B&O) Tax Changes for 2008

Gross Receipts B&O Tax

For tax periods beginning January 1, 2008, Revised Code of Washington (RCW) 35.102.130 requires wholesale and retail sales of tangible personal property to be allocated to the delivery location for taxation. Revenue taxable under the service & other tax classification will be apportioned using a two factor (payroll and service-income) apportionment formula method.

Other Key Changes:

- Specific provision for newspaper and publishing businesses to exempt them from service apportionment requirements.
- Specific exemption for professional employer services.
- Definition changes.

Square Footage B&O Tax

The square footage tax was implemented to tax space in the city used for business activities that does not generate or support revenue which is taxable under Bellevue's gross receipts tax. Examples of taxpayers that historically paid the square footage tax include those businesses that maintained headquarters or administrative offices in the city, and those that used their Bellevue location to generate or support sales of goods delivered outside Washington State.

To maintain fairness and equity amongst Bellevue-based businesses that use their space to generate or support sales of goods, the tax code was changed to be consistent with the new gross receipts allocation requirements. **For tax periods beginning January 1, 2008**, businesses located within Bellevue that sell goods that are delivered to other locations outside of Bellevue will be subject to the square footage tax. This includes deliveries to locations within Washington as well as out-of-state.

New Tax Forms – Multi-Purpose Tax Return

The tax return will be updated for uniformity and to provide you with more information. All of the business taxes administered by the City of Bellevue Tax Division will be included on the same return. A deduction schedule will be added to detail the deductions available to you. New schedules will be provided to assist you with the tax changes discussed above.

When a deduction or credit is claimed, square footage reported, or service gross receipts apportioned, the appropriate schedule must be included with the *Multi-Purpose Tax Return*.

Contact Us

More complete information specific to these changes and information pertaining to taxes administered by the Tax Division is available on our web site at http://www.bellevuewa.gov/bellevue_taxes.htm or you can call us at (425) 452-6851.